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**BPA severs all remaining business ties with Enron;
Canceling contracts will save Northwest ratepayers millions**

PORTLAND, Ore. – The Bonneville Power Administration has reached an agreement with representatives of Enron’s creditors terminating all remaining contracts with the bankrupt company. BPA estimates the action will reduce a proposed 15 percent wholesale rate increase by about 2 percent.

The agreement saves more than \$40 million for Northwest ratepayers, a discount of 30 percent off of the market value of the contracts. Under the agreement approved by the bankruptcy court, BPA pays Enron’s creditors \$99 million.

The agreement also resolves legal uncertainty about other Enron contracts BPA unilaterally terminated early in 2002. Those terminations saved ratepayers approximately \$150 million, which is already figured into BPA’s rates.

“We were able to negotiate a very beneficial settlement for ratepayers,” said BPA Administrator Steve Wright. “The agreement avoids high legal costs and unpredictable rulings by regulators and the courts. It’s a significant step among our efforts to reduce costs and provide certainty at a moment when the Northwest economy needs it most.”

Wright said he particularly wanted to thank Senators Ron Wyden, D-Ore., and Maria Cantwell, D-Wash., for their unflagging pursuit of a resolution of Enron bankruptcy issues in a way favorable to Pacific Northwest consumers. “Their strong support in this matter put us in a better position to negotiate the agreement,” he said.

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BPA's portfolio of business with Enron dates back to 1998 when the company was a major market participant. In 2001, utility and industrial customers throughout the region placed an additional 3,000 average megawatts of demand on BPA under new five-year agreements. Lacking sufficient generation from the federal system, BPA met some of the need by entering into five-year contracts to buy power from marketers, including Enron.

BPA purchased about 300 average megawatts from Enron at an average price of about \$52 per megawatt hour (MWh) to be delivered between 2003 and 2006. At the time, market prices ranged as high as \$100 MWh. Prices today are a little above \$35 MWh. After Enron filed for bankruptcy in 2001, the company continued to honor its BPA contracts by delivering power.

BPA will pay the settlement from a government fund that provides money for resolution of legal disputes. The agency will repay the fund over seven years.

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